

**Milwaukee County Employees' Retirement System (ERS)**

**Investment Committee Meeting**

**MINUTES**

**Members:** Sarah Peck                      Dean Roepke  
                    Linda Bedford                      Jeffrey Mawicke  
                    John Maier

**1. Call to Order:**

Chairman Sarah Peck called the meeting to order at 1:38pm, on 9-2-08, in Room 203-P of the Milwaukee County Courthouse, 901 N. 9<sup>th</sup> St., Milwaukee, WI. 53233.

**2. Roll Call:**

<b><u>Members Present:</u></b>	<b><u>Members Excused:</u></b>	<b><u>Others Present</u></b>
Sarah Peck	Linda Bedford	Gerry Schroeder
Dean Roepke		Mark Grady
John Maier		Kristin Finney-Cooke
Jeffrey Mawicke		Patrick Silvestri
		Terry Dennison

**3. Topic: Mercer-Commodities Education**

A handout was provided to Investment Committee Members, entitled "Commodities Overview".

Commodities are real assets that realize their returns from current economic conditions. Commodities are produced naturally, which makes them subject to unique supply factors. There are an estimated 100 commodities, grouped by agriculture, livestock, metals, food and energy. Commodities are exchanged on NYMEX, CME and LME.

Commodities offer good diversification potential for portfolios. They generate higher returns in down markets for stocks and bonds and can be a means of inflation protection. There are two broad commodities Indices: Goldman Sachs Commodity Index and Dow Jones-AIG Commodity Index.

Ways to gain exposure to commodities include exchange-traded funds, pooled funds, selected risk-tolerance strategy, ownership of equity in commodity producers and collateralized diversified commodity indices. Critics of Commodities argue that they are risky, with no insurance. Also, that the managers know less than the producers, consumers and the experts.

The Milwaukee County Pension System does not have Commodities at this time. The Board would need to determine whether it would be compatible with our current asset allocation. If in the future the Board chose to invest in Commodities, we should restrict our investment to a 5-10% range.

**4. Topic: Mercer: Flash Report**

The July 2008 ERS Flash Report was distributed for discussion and committee review.

The Total Fund had an aggregate market value of \$1.46 billion. It depreciated 1.3% during the month, falling behind the Reference Index by 20 basis points. Mercer recommended that the ERS source the cash needed for benefit payments as the end of August from the fixed income segment of the fund with \$10 million from Mellon Capital Management.

Loomis High Yield Sales is around the benchmark (8.3). It remains to have long-term value. The shift in Real Estate from the U.S. to a global market continues to be a good decision (1.7% to Index). The long-term view is one of strengthening.

Domestic Equity is down and the dollar is strengthening. Fixed income is at 1% gain per month. ERS is not overly invested in mortgages, which is down 1.3%. The overall fund is doing well.

**5. Topic: 2009 Investment Committee Meetings Schedule**

A draft 2009 Investment Committee Meetings Schedule was distributed for discussion and review.

It was pointed out that the Board previously accepted the next year's schedule of meetings at the September session. The same scheduling logic was used for 2009, as was used for 2008. Investment Committee Meetings continue to be scheduled on first Monday of each month, with the same time slot and location. Members were asked to review the proposed schedule, and they indicated acceptance. The draft document will be e-mailed to all Board members for review and potential modification. Once the document is finalized and accepted by the Board, it will be posted on the Intranet and at the Courthouse.

**6. Adjournment: The Investment Committee adjourned at 2:40 pm.**



Gerald J. Schroeder  
ERS Manager